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SMALL BANKS OF NEBRASKA AND IOWA: AN EXAMINATION OF SOME VARIATIONS IN PERFORMANCE

BY
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Introduction

The United States is a nation of small banks. In 1975, the median size bank had between $15 and $20 million of demand and time deposits.[1] Since banking structure is determined in large part by state regulations, the number and sizes of banks vary a great deal among the states. Table 1 shows the number of banks in Nebraska, Iowa and surrounding states in 1975. Nebraska had 448 banks and ranked eleventh in the nation in total number. Iowa had 654 banks and ranked fifth. Nebraska had fewer people per bank than any of the surrounding states and the median size Nebraska bank had less than $10 million in total deposits. Iowa's median size bank had just over $10 million.

TABLE 1
SELECTED STATE BANK COMPARISONS, 1975

State	Total Banks Number	Banks With Less Than $5 Million of Deposits a/ Number	Percent of Total	Population Per Bank
NEBRASKA	448	172	38.4	3312
IOWA	654	93	14.2	4320
Minnesota	745	186	25.0	5106
South Dakota b/	158	39	24.7	4217
Wyoming	77	12	15.6	4319
Colorado	263	41	15.6	8393
Kansas	615	205	33.3	3657
Missouri	700	159	22.7	6682

a/Demand plus time deposits.
b/South Dakota is the only state among this group with state-wide branching.
Source: Federal Deposit Insurance Corporation, *Bank Operating Statistics*, 1975.

It is the purpose of this paper to examine a group of the small banks in Nebraska and Iowa and to identify some of the major variations in performance and the possible impacts of such variations. "Small" will be defined as having less than $5 million of total deposits, the smallest category of banks compiled by the Federal Deposit Insurance Corporation (FDIC).[2]

Table 2 indicates the proportion of small banks to total banks in Nebraska, Iowa, and the U.S. for recent selected years. The percentage of small banks is declining in the U.S., but remains relatively high in Nebraska (38.4 percent) as compared to Iowa (14.2 percent) and the nation (16.0 percent).

A random sample of the small banks in Nebraska and Iowa has been drawn and their *Statements of Condition* examined.[3] The FDIC has done some analysis of the banks in their various size categories, but not of variations in the performances of individual banks. The present study has first examined variations in three general characteristics and then discussed performance according to four indicators of fund management.

TABLE 2
BANKS WITH DEPOSITS UNDER $5 MILLION
IN NEBRASKA, IOWA, AND THE UNITED STATES,
SELECTED YEARS

Years	United States Number of Banks	United States Percent of Total	Nebraska Number of Banks	Nebraska Percent of Total	Iowa Number of Banks	Iowa Percent of Total
1969	4776	35.4	284	65.0	326	49.5
1971	3882	28.5	252	57.5	269	40.9
1973	2880	20.6	200	45.5	173	26.3
1975	2308	16.0	172	38.4	93	14.2

Source: Calculations from FDIC, *Bank Operating Statistics*, various years.

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[1]Although the U.S. Constitution gives Congress the power "to print and coin money and regulate the value thereof," most of our money has been created by the commercial banks through the process of creating loans which become demand deposits, while the Congress has been reluctant to assert its power totally.

[2]The FDIC, *Bank Operating Statistics*, Washington, D.C., for the years indicated, is the source of these statistics on an aggregative state basis.

[3]The author is indebted to Dr. Jack Revelle, former Chairman of the Department of Decision Sciences at the University of Nebraska at Omaha, for his assistance in developing the sample. As selected, the sample is composed of 18 Nebraska and 14 Iowa banks and permits a maximum error in the proportions of ± 6 percent at the 90 percent confidence level.

The *Statements of Condition and Earnings* of individual banks are now a matter of public record and may be obtained from the regulating agency for the period beginning with 1972.

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General Characteristics

Location. Most small banks in Nebraska and Iowa are located in communities of less than 500 people with several in Nebraska being in places of less than 100 persons. The sample used in this study includes small banks from only communities of less than 1,200 persons. Also, most small banks are the only banks in their towns. Most Nebraska banks studied are in the eastern one-third of the state and along and south of the Platte River. Iowa's small banks are evenly scattered.

Longevity. It is typical for the banks being studied to have been chartered for a long time. Twenty-four percent of the small banks currently operating in Nebraska received charters prior to 1900; in Iowa the proportion is 16 percent. Only 20 percent have been chartered in Nebraska since World War II, and 12 percent in Iowa.

Control. Six Iowa and 12 Nebraska small banks are nationally chartered. These and 16 state-chartered small banks are members of the Federal Reserve System. In addition to the state supervisory offices and the FDIC, the Comptroller of the Currency and the Federal Reserve are involved with the operations of these small banks. The Federal Reserve is also involved in bank holding companies. Forty-eight percent of Nebraska small banks are one-bank holding companies and another 40 percent are controlled by other banks through multi-bank, chain or affiliate arrangements.

In Iowa separate banking "offices" are permitted; the result is a form of branching. The state now has over 200 such offices that provide full service including loans. No branching is permitted in Nebraska.

Performance

General. Some of the small banks are managed well, and some quite poorly--regardless of whether they are singly owned or otherwise, and regardless of the primary supervisory agency. In this study, performance was judged from the point of view of whether the bank seemed to be managing its depositors' money for the good of the local community or the market area it serves.[4] Four indicators of funds management were used.[5] These were the ratios of (1) loans to deposits, (2) cash and government securities to deposits, (3) capital to assets, and (4) loans to assets. These indicators are generally used in the banking industry to indicate what a bank is doing with its depositors' money and whether it is serving its community with loans. As might be expected, these indicators revealed a wide diversity between the small banks in both Nebraska and Iowa. (One might find the same situation existing for some larger banks.) A descriptive analysis was made of the situations in the two states using these four indicators.

Ratio of Loans to Deposits. In Nebraska, the FDIC reported a loans to deposits ratio of 62.5 percent for all small banks in 1975, a respectable *average* by bankers' standards today. In the sample of banks studied, the ratios ranged from a low of 17.8 percent to a high of 91.2 percent. The median loan/deposit ratio, below which one half the banks felt, was 51.9 percent. Even if putting only 50 percent of deposits back into the community in the form of loans were considered a "passing grade," 40 percent of the small banks in Nebraska "failed" on this basis. Moreover, in some of these instances, less than half the loans were made for agricultural uses. Thus, if the State of Nebraska were to deposit funds in some of these small banks, only a small portion of such funds could be expected to go into the community, and even less into agriculture.[6]

In Iowa, the FDIC reported the loan/deposit ratio for all small banks in 1975 as 56.9 percent. Again, this was an acceptable *average.* The sample group of banks had a range from 27.9 percent to 68.8 percent. Two thirds of Iowa's small banks had loan/deposit ratios of less than 50 percent, with one-half having ratios at or below 48.0 percent.

Ratio of Cash and Government Securities to Deposits. In Nebraska, the 1975 average ratio of cash and government securities to deposits for all small banks was reported by the FDIC to be 40.9 percent. The range for the sample of banks was from a low of 13.2 percent to a high of 68.5 percent. The high value means that some small banks were holding almost 70 cents of every depositor's dollar in cash and government securities. Quite liquid! The median proportion held, however, was 22.5 percent. Even so, more than 25 percent of the small banks in the sample had ratios above the FDIC average.

In Iowa, the average ratio of cash and government securities to deposits was reported by the FDIC to be 44.2 percent for the small banks as a group. The range for the sample of banks was from 14.1 to 81.6 percent. The median holding was 42.0 percent. Over 38 percent of the small banks had cash and government security holdings above the FDIC average proportion of deposits for all the state's small banks.

Ratio of Capital to Assets. In Nebraska, the ratio of capital to assets was reported by the FDIC in 1975 to be 9.7 percent for the small banks as a group. The sample of banks reported ratios ranging from a low of 6.2 percent to a high of 28.4 percent, with the median being 9.5 percent. If this median ratio were considered an "acceptable" ratio, then over 40 percent of the small banks in Nebraska were overcapitalized in 1975.

In Iowa, the small banks as a group were reported by the FDIC to have an average capital/assets ratio of 8.8 percent. The sample of banks had ratios that ranged from 5.0 to 13.5 percent with the median being 9.4 percent. Using 10 percent as acceptable, then only 22 percent of Iowa's small banks were over capitalized in 1975--significantly fewer than for Nebraska.

Ratio of Loans to Assets. In Nebraska, the FDIC reported a loans to assets ratio for all small banks averaging 55.3 percent. The sample of banks had a low ratio of 12.8 percent and a high one of 83.0 percent, with 70 percent of the small banks being below the FDIC average. The sample median was 48.2 percent.

In Iowa, the loans/assets ratio for all small banks stood at 51.5 percent. The sample of banks reported ratios ranging from 25.3 to 62.4 percent. Over 77 percent of the small banks in Iowa, or somewhat more than in Nebraska, had loans/assets ratios below the FDIC average. The sample median was 43.8 percent.

Summary of Findings

Nebraska's small banks seemed to be making a slightly better effort for the community than those of Iowa--as measured by the loans to deposits ratio. Even so, approximately half the small banks in both states were not loaning as large a portion of the deposits as they should. Too many of their deposit dollars were not being used to the advantage of their communities. Moreover, if the loans were broken down on the basis of purpose, as noted above, only one-half of the loaned dollars were for agricultural uses.[7]

The high ratios of cash and government securities to deposits mean that larger portions of the deposited dollars go outside the community into securities or correspondent bank balances. This situation was found to be less satisfactory in Iowa than in Nebraska. Nebraska's small banks had most of their primary correspondent accounts in Nebraska cities--usually Omaha and Lincoln. On the other hand, over 50 percent of Iowa's small banks' primary correspondents were outside the state. It even seems likely that small banks would carry more funds in correspondent accounts than necessary. To Nebraska's communities this could mean a loss as large as $30 million. The community loss in Iowa would be, perhaps, $50 million. However, because many of Iowa's small banks had primary correspondents outside the state, more funds would depart the state than would be the case for Nebraska. In addition, almost all deposits going into government securities and Federal funds would leave both states.

More of Nebraska's small banks had excess capital compared with those of Iowa. This excess capital was estimated to be $20 million, which could be made available either through other banks to enable them to do a better job of financing local community needs or in other types of investments in a capital-short state. The point to be remembered is that this capital could be utilized in some other productive investment. The same was true for Iowa, where the amount of capital that could be used more productively from the point of view of the local community was about $28 million.

Another measure of the economic assistance going to a community was loans compared with assets. In Nebraska, about 70 percent of the small banks had loans to assets ratios below the FDIC average of 55 percent. Fifteen percent of Nebraska's small banks were below the loans to assets ratio of 25 percent. In Iowa, about 78 percent of the small banks had ratios lower than 52 percent, with 11 percent having ratios of less than 25 percent.

Conclusions

Many small banks in Nebraska and Iowa are well-managed and seem to be serving their respective communities in acceptable ways. As this paper attempts to point out, many are not performing the basic banking function of collecting the community's surplus funds and allocating them among local needs in an acceptable manner.

The small banks appear to be profitable, but here again there will undoubtedly be a variance in profitability.[8] Although profitable, the deposits of many are not being used for loans in the community, but rather for investments which are assisting agencies and others outside the respective communities and states. In other words, many of these small banks are acting as nothing more than *investment* banks for their owners.

Charters are issued to banks to provide a community, or trade area, with financial resources to meet its various needs. For some of these small banks, one of two things has happened: either the community, or trade area, has changed to the point where it no longer adequately supports a bank with adequate demand for funds or the bank is not adequately serving the area. As noted above, most of the charters were granted many years ago. Present law indicates three basic reasons for removing a charter: (1) failure of the bank, (2) violation of other laws by the bank, and (3) liquidation of the bank by its stockholders.

It may very well be that there should be a requirement that all of the appropriate supervising agencies review a bank's charter before it could be sold or a majority of its ownership changed. If the bank did not successfully "pass" this review the present stockholders could be required to liquidate and the charter withdrawn. Such a review should consider several questions. First, will the economic changes and the economic future of the community, or trade area, indicate continued support of a bank with some growth potential? Second, are the depositors and borrowers in the area being adequately served by this bank or are they turning to other alternative financing arrangements? Third, are the owners and managers of good character and well qualified? These are major questions to be answered when a bank is now considered for chartering. Mr. Robert E. Barnett, Chairman of the FDIC, suggested recently that the FDIC probably should have the power to block some bank sales.[9] Regardless of the FDIC criteria, the review process should include an examination of the economic needs of the area the bank is to serve.

Serious consideration should also be given by the legislatures of both states to setting a higher capital requirement for new charters. Perhaps it would be shown that a bank's capital should be no less than $1 million (with a three-to-five-year potential of $10 million deposits).

Some might argue that closer scrutiny of such banks is beyond the resources of the state. The loss, or misuse, of $50 million of investment capital to a state is not a small sum, however. The opportunities for increased services to depositors, borrowers, and potential borrowers should be considered. In

(Continued on page 6.)

[4]No certain, quantitatively-specific criteria are available for evaluating funds management. Even so, those familiar with the "banking industry" have developed practical measures. Thus, the assessment in this paper reflects the practices of those in the industry and, in part, the author's experience.

[5]The sources of data for the comparisons that follow are the statements of the sampled banks as reported to the FDIC, Comptroller of Currency, and the Federal Reserve System, for June and December, 1975.

[6]James I. Black, then President of the Nebraska Bankers Association, was quoted as saying "the state funds are sorely needed by many banks, primarily because of the heavy loan demand from farmers..." by Roger Lewis, "Gifts From State Boost 362 Banks," *Omaha World-Herald,* November 2, 1976, p. 6.

[7]In the sample the percentage of total loans going to agriculture in Nebraska was 52.8; for Iowa, it was 48.7 percent.

[8]The sample does indicate that a few of these small banks could have received a greater return if the stockholders had placed their invested capital in a Savings and Loan Association.

[9]Robert Dowling, "Barnett Suggests Power to Block Some Bank Sales," *American Banker,* February 3, 1977, p. 1.

MIDCONTINENT METROPOLITAN AREAS SHOW CONTINUED GROWTH

Second quarter economic activity for the Midcontinent urban areas showed moderate increases over the same period of 1976. From the second quarter of 1976 to the second quarter of 1977, the Region's labor force grew by 56,300 persons, yet the number of unemployed fell by 55,400. Consequently, the jobless rate of the midcontinent urban centers, taken as a group, dropped a full percentage point to 5.1 percent in the second quarter of 1977. The national rate, on the other hand, continued to hover at 7.1 percent. Only Denver-Boulder and Cheyenne experienced an unemployment rate increase during the period, however the jobless rates in these metropolitan areas were less severe than the national average. The remaining cities, particularly Waterloo-Cedar Falls, Omaha, Great Falls, and St. Louis, showed encouraging signs of economic expansion, with second quarter unemployment rates falling significantly from 1976 to 1977.

Nonagricultural wage and salary employment for the metropolitan areas as a group increased by 107,300 workers from the same period one year earlier. This increase of 2.2 percent was well below the nationwide increase of 3.2 percent. The year-to-year changes in the number of nonfarm wage earners during the period varied significantly among the cities, ranging from a 3.0 percent decline in Sioux City to a 7.4 percent increase in Sioux Falls.

Manufacturing employment also experienced varied changes in the urban areas. For the Region, the average increase of 3.2 percent from 1976 to 1977 was nearly equal to the nationwide increase. The gain in the number of manufacturing workers was accompanied by a 9.2 percent increase in average weekly earnings paid to the Region's production workers and resulted in a second quarter average weekly wage of $238.53. The nationwide consumer price index for urban wage earners also increased 6.9 percent during the period. This was at a somewhat slower pace than the growth in dollar wages, hence, real wages increased.

The construction industry in the metropolitan area continued to experience declines in employment during the second quarter of 1977, being at a level 1.2 percent below that of the second quarter of 1976. Due to a major strike, Des Moines experienced the largest decline in construction jobs with a 29.0 percent loss from the previous year. The largest gains occurred in Oklahoma City and Springfield, which reported increases of

23.5 percent and 24.0 percent, respectively. Even though construction employment declined in the Region as a whole, the number of building permits issued during the second quarter rose 47.1 percent from the previous year. Nationwide building permits increased 40.8 percent. This suggests that the current slump in construction employment will be reversed in the coming months.

Department store sales rose in most of the Region's metropolitan areas. The year-to-year quarterly increases were, however, generally below the nationwide increase of 11.2 percent. The Region's largest gains in department store sales occurred in Tulsa, which reported a 20.4 percent increase. Telephone customers and air passengers were up in most of the Region's cities, resulting in overall increases of 4.8 percent and 5.6 percent, respectively, between the second quarters of 1976 and 1977.

G. Hanlon

TABLE 1

SELECTED MIDCONTINENT REGIONAL URBAN INDICATORS

SMSA[a]		Average Weekly Earnings of Production Workers in Manufacturing		Nonagricultural Wage and Salary Employment[b] (1,000)		Manufacturing Industry Employment (1,000)		Construction Industry Employment[c] (1,000)		Unemployment Rate	Private Housing Units Authorized By Building Permits		Department Store Sales ($1,000)		Telephone Accounts (1,000)		Air Passengers[d] (1,000)	
		First Quarter	Percent Change	First Quarter	Percent Change	First Quarter	Percent Change	First Quarter	Percent Change	First Quarter	First Quarter	Percent Change	First Quarter	Percent Change	First Quarter	Percent Change	First Quarter	Percent Change
		1976 Earnings and Employment data are latest revised figures.																
COLORADO																		
Denver-Boulder	1976	$209.08		620.3		93.6		36.3		5.7	4,346		$142,898		636.1		3,298.9	
	1977	222.40	6.4	631.9	1.9	97.4	4.1	38.7	6.6	5.9	8,787	102.2	164,222	14.9	681.8	7.2	3,559.3	7.9
IOWA																		
Cedar Rapids	1976	239.14		73.9		25.1		3.2		3.8	283		24,113		103.9		106.8	
	1977	245.29	2.6	75.8	2.6	27.6	10.0	2.8	-12.5	3.2	591	108.8	25,407	5.4	107.3	3.2	116.5	9.1
Des Moines	1976	237.49		156.0		22.7		6.9		4.3	1,089		35,344		262.5		1,392.9	
	1977	262.76	10.6	157.6	1.0	23.7	4.4	4.9	-29.0	3.1	1,834	68.4	38,294	8.3	268.7	2.4	1,421.5	2.1
Dubuque	1976	276.11		39.8		16.0		1.2		5.0	76		12,306		51.3		15.6	
	1977	318.13	15.2	41.0	3.0	16.4	2.5	1.1	-8.3	4.2	93	22.4	13,190	7.2	53.8	4.9	18.7	19.9
Sioux City	1976	212.35		50.1		12.5		3.2		4.1	217		12,878		75.2		52.2	
	1977	214.73	1.1	48.6	-3.0	10.6	-15.2	3.5	9.4	3.3	285	31.3	13,250	2.9	76.5	1.7	53.3	2.1
Waterloo-Cedar Falls	1976	284.44		57.6		20.3		2.1		6.0	288		17,889		32.8		52.9	
	1977	325.17	14.3	58.9	2.3	20.9	1.5	2.2	4.8	3.7	531	84.4	19,565	9.4	33.8	3.2	56.4	6.6
KANSAS																		
Topeka	1976	192.83		76.8		8.9		3.2		4.5	284		16,410		127.8		21.3	
	1977	229.10	18.8	79.7	3.8	11.4	28.1	3.4	6.3	3.7	645	127.1	18,796	14.5	134.0	4.9	28.8	35.2
Wichita	1976	220.91		172.4		52.0		9.2		5.3	1,101		31,693		298.8		241.4	
	1977	230.63	4.4	175.9	2.0	52.3	0.6	10.4	13.0	4.7	1,841	67.2	35,117	10.8	312.5	4.6	248.2	2.8
MINNESOTA																		
Duluth-Superior	1976	185.01		62.4		7.8		2.0		7.3	450		22,492		90.0[h]		58.5	
	1977	190.87	3.2	60.9	-2.4	6.7	-14.1	1.8	-10.0	6.7	261	-42.0	23,756	5.6	91.9[h]	2.1	60.6	3.6
Minneapolis-St. Paul	1976	229.51		915.0		207.1		33.6		6.7	3,953		253,542		1,528.1		1,825.2	
	1977	254.90	11.1	939.1	2.6	212.4	2.6	34.1	1.5	5.4	3,772	-4.6	270,951	6.9	1,560.7	2.1	1,898.2	4.0
MISSOURI																		
Kansas City	1976	233.09		551.2		110.4		23.3		6.3	2,081		118,115		610.2		1,130.1	
	1977	260.71	11.9	552.6	0.3	114.5	3.7	17.1	-26.6	5.0	3,031	45.6	133,414	13.0	638.5	4.6	1,176.8	4.1
St. Joseph	1976	188.37		35.8		9.6		1.8		5.9	229		10,671		33.8		NA	
	1977	205.71	9.2	36.2	1.1	10.0	4.2	1.9	5.6	5.1	282	23.1	11,455	7.3	34.0	0.4	NA	NA
St. Louis	1976	232.01		908.2		241.0		40.7		7.3	3,239		225,976		1,538.9		1,736.8	
	1977	263.46	13.6	916.2	0.9	246.4	2.2	37.1	-8.8	5.8	5,662	74.8	242,689	7.4	1,659.3	7.8	1,826.3	5.2
Springfield	1976	172.60		71.9		17.6		2.5		5.2	629		19,594		115.4		66.1	
	1977	185.49	7.5	73.8	2.6	16.9	-4.0	3.1	24.0	3.8	840	33.5	21,573	10.1	121.1	4.9	78.8	19.2
MONTANA																		
Billings	1976	222.06[f]		39.3		3.4		2.1		5.9	337		11,286		36.0		72.7	
	1977	258.09	16.2	41.9	6.6	3.6	5.9	2.2	4.8	4.6	222	-34.1	12,390	9.8	37.8	5.1	76.6	5.4
Great Falls	1976	222.06[f]		27.4		1.7		1.6		8.1	119		6,846		35.0		29.1	
	1977	258.09	16.2	28.6	4.4	1.8	5.9	1.6	—	6.3	288	142.0	7,747	13.1	34.7	-0.9	30.3	4.1
NEBRASKA																		
Lincoln	1976	184.48		88.9		12.1		4.5		3.9	663		20,694		140.0		87.7	
	1977	206.08	11.7	92.8	4.3	13.6	12.4	3.9	-13.3	2.8	720	8.6	21,245	2.7	150.2	7.3	91.1	3.9
Omaha	1976	220.76		238.0		33.3		11.5		7.4	1,048		54,973		414.4		407.8	
	1977	237.86	7.8	244.3	2.7	35.7	7.2	11.2	-2.6	5.6	1,102	5.2	62,337	13.4	417.9	0.8	425.5	4.3
NORTH DAKOTA																		
Fargo-Moorhead	1976	202.42		55.0		5.0		3.8		4.2	698		13,141		41.9		73.0	
	1977	213.65	5.6	57.2	4.0	5.0	—	3.8	—	4.0	695	-0.4	13,717	4.4	43.7	4.2	80.3	10.0
OKLAHOMA																		
Oklahoma City	1976	188.07		315.5		40.7		15.3		5.7	1,219		57,171		591.8		424.7	
	1977	205.82	9.4	335.3	6.3	44.6	9.6	18.9	23.5	4.5	1,988	63.1	62,949	10.1	625.5	5.7	442.9	4.3
Tulsa	1976	207.64		243.4		52.2		14.5		5.2	1,391		47,018		373.1		386.0	
	1977	227.49	9.6	250.1	2.8	53.5	2.5	15.4	6.2	4.7	1,787	28.5	56,589	20.4	389.8	4.5	413.6	7.2
SOUTH DAKOTA																		
Rapid city	1976	149.06		25.8		2.3		2.1		5.4	174		6,611		25.1		61.1	
	1977	191.80	28.7	25.6	-0.8	2.3	----	2.0	-4.8	4.5	215	23.6	7,336	11.0	26.2	4.4	66.2	8.4
Sioux Falls	1976	233.10		46.2		6.7		2.6		3.9	318		7,338[e]		72.4		119.6	
	1977	241.37	3.6	49.6	7.4	7.0	4.5	3.1	19.2	3.5	414	30.2	7,109[e]	-3.1	75.6	4.5	121.4	1.5
WYOMING																		
Casper	1976	271.50		27.4		1.6		2.3		2.8	238		NA		47.1		50.6	
	1977	280.93	3.5	29.3	6.9	1.7	6.3	2.4	4.3	2.5	217	-8.8	NA	NA	51.7	9.8	59.0	16.6
Cheyenne	1976	246.68		23.9		1.5		1.5		3.5	190		NA		48.0		19.1	
	1977	232.76	-5.6	24.4	2.1	1.4	-6.7	1.7	13.3	3.6	172	-9.5	NA	NA	51.2	6.7	20.5	7.3
MIDCONTINENT METROPOLITAN AREAS	1976	218.43		4,920.0		1,005.1		231.0		6.1	24,660		1,168,999		7,329.6		11,730.1	
	1977	238.53	9.2	5,027.3	2.2	1,037.4	3.2	228.3	-1.2	5.1	36,275	47.1	1,283,098	9.8	7,678.2	4.8	12,370.8	5.6
UNITED STATES	1976	204.21		79,514		18,934		3,605.3		7.4	349,700[g]		15,980,000		NA		NA	
	1977	224.13	9.8	82,076	3.2	19,504	3.0	3,869.7	7.4	7.1	492,400[g]	40.8	17,767,000	11.2	NA	NA	NA	NA

[a]/All except Rapid City, Casper and Cheyenne are Standard Metropolitan Statistical Areas. These three areas are included to give representation to all states in the Midcontinent Region.
[b]/Employment is reported by place of work.
[c]/Number of persons in contract construction. Data for St. Louis, Lincoln, Omaha, Rapid City and Sioux Falls include mining employment.
[d]/Includes arrivals and departures except Billings and Great Falls which report only departures.
[e]/Data for two months only.
[f]/No data is available by metropolitan area. State data is reported.
[g]/Compiled from 14,000 permit-issuing places, or approximately 81 percent of the U.S. total. Data are not seasonally adjusted. Housing data report both single- and multi-family units.
[h]/Number of telephones includes Duluth only.

Sources: Data compiled by Gene Hanlon from monthly data supplied by the U.S. Department of Labor and representative state offices; U.S. Department of Commerce, Bureau of the Census, Business and Construction Statistics Divisions; Chambers of Commerce for the respective metropolitan areas; Northwestern and Southwestern Bell Telephone Companies, Cedar Rapids, Sioux City, Duluth and Minneapolis/St. Paul airport authorities; Wichita State University Center for Business and Economic Research and UM - Duluth Bureau of Business and Economic Research.

All labor and department store sales data are the latest available revised figures, not seasonally adjusted. Average weekly manufacturing earnings, nonagricultural wage and salary employment, manufacturing industry employment, and construction industry employment obtained from state labor departments. Unemployment data are compiled from quarterly averages of civilian labor force and number of unemployed. 1977 data are first revised monthly data reported in *Employment and Earnings;* 1976 data are obtained from respective state labor departments.

Midcontinent metropolitan area data result from combining metropolitan area data. Where data for an area were not available that area was excluded from Midcontinent data for both years.

TABLE 1

OUTSTANDING LOANS FOR NEW HOUSING UNITS IN SUBDIVISIONS OF DOUGLAS AND SARPY COUNTIES, JULY 1 TO JULY 31, 1977

Subdivision	Speculative Loans: Commitments[a] Current Period	Speculative Loans: Commitments[a] Total Outstanding[b]	Speculative Loans: Units Under Construction Current Period	Speculative Loans: Units Under Construction Total Outstanding[b]	Speculative Loans: Units Completed, Unsold Current Period	Speculative Loans: Units Completed, Unsold Total Outstanding[b]	Speculative Loans: Units Completed, Sold Current Period	Custom Loans: Commitments[a] Current Period	Custom Loans: Commitments[a] Total Outstanding[b]	Custom Loans: Units Under Construction Current Period	Custom Loans: Units Under Construction Total Outstanding[b]	Custom Loans: Units Completed Current Period
Douglas County												
Armbrust Oaks		1							4		2	
Candlewood		1		10		3		1	3		5	
Center Park	2		4	22		2	6	3	1	3	12	
Chapel Hill I & II	2		3	22		3	4		2		4	
Colonial Acres				3		4		1	4		4	
Country Club Manor	3	3										
Discovery	3	6			2	5						
Eldorado	3	1	4	25		6	3	1	3		8	
Fair Meadows								10		10	10	
Georgetowne	1	3		4		4		1	3	1	2	
Ginger Cove				2					1		2	
Glenbrook				4				2	5		3	1
Golden Hills I & II		3		7								1
Green Meadows											6	
Greenbriar			1	4		1					1	
Greentree		11									2	4
Harvey Oaks	10	28	9	78	1	4	3	1	4	3	9	2
Hill Addition	2	4										
Knolls	1	1	4	26		11	2	1	1	1	6	1
Lakeview Heights	2		2	10		1	3	3		3	8	
Leawood I and II				6					1			
Leawood Southwest	1	2	1	20		6	1					
Lebeau		6	4	8					1		8	
Maple Village Replat	3	3	2	5		5		2	1	1	2	
Meadowview Replat							1				2	
Millard Heights	1	3		3	1	2	1	1	2	2	9	
Millard Highlands								1	10		5	
Oak Heights I, II & III	3	4	1	16	1	2	3	3	5	2	5	1
Oak Hills Estates								1	1	1	2	
Oak Hills Hilltop				2							1	
Pacific Heights & Pacific Heights Replat	5	11	6	15		3		3	2	2	9	
Park West		1	1	25	1	16	1		3		5	1
Parklane			2	5	1	3	2					
Pearl Acres	1		1	4					1			
Pheasant Run	3	2	1	16			1	1	2		1	
Piedmont & Piedmont Replat	3	2	5	29	1	4	1		1		4	
Pinecrest									1		2	
Ponderosa				13		1	3	4	2	3	13	
Rambleridge	1		1	11		2		2	1	2	7	
Raven Oaks		4		1		2		1	4	2	8	
Regency	3		4	7	2	2	1		3		6	1
Roanoke Estates				12								
Rolling Meadows											4	
Roxbury				2							1	
Saddle Hills				1					2		3	
Skyline Estates	2	1	1	3					1		5	
Skyline Ranches	1	1		2		2	1	2	3	1	4	1
Stony Brook	1	1				4			1			
Sunnyslope		1						1	4		2	
Timber Creek I & II		1		4		15		3	3	2	9	
Twin River Vista II				3					1			
Valand	1	1		5			1		1			
Walnut Grove	10	12		34	2	5	2	1	3	2	6	
West Village				6								
Western Trails	2	2				1		1	2		2	
Willow Wood	7	3	7	10		2		1	2	1	2	2
Woodhaven	7	14	1	17	1	5	4		1	1	2	
Woodhurst	1	3		8					2			
Woodstone Replat				6								
Wycliff & Wycliff Replat	2	6	1	38		9	10	5	13	4	9	1
Rural Douglas County				1					1	3	5	
Other Subdivisions[c]	9	5	4	22		4	3	10	20	12	40	2
Total Douglas County	96	151	70	577	13	139	57	67	132	62	267	18
Sarpy County												
Blue Ridge				4								
Briarwood	3	3							1			
Charwood	1		1	3							2	
Citta's			1	6	1	1	2		1			
College Heights		1		6							2	
Crestview Heights	2		2	13		3					3	2
Echo Hills	2	2		3				3	5	3	8	
Fairview Heights		1		2						1	2	
Faulkland Heights	4	2	2	4		1	1		2		1	
Fontenelle Estates			1	2					3			
Golden Hills						2	2					
Granville East				5				4	3	4	11	
Harold Square		1		4								
Harvest Hills		1	14	18			1		1		3	
Hawaiian Village		4		7		1						
High View Estates								1		1	15	6
Leawood Oaks I & II	1	5	1	22		5	9	1	1	5	4	
Lienmann's										2	5	
Maclad Heights	1	1	2	8	2	4		1	1	1	2	
Normandy Hills	8	1	7	10		9	5		1	3	4	
Oaks of Fontenelle		3		20			2					
Overland Hills				17		4	4				1	1
Park Hills I & III				10				3		3	6	
Pawnee Hills		3	1	6				1	2		3	
Pennington Heights	1	1		1		1						
Quail Creek	4	5	2	2					1		1	
Southampton	2	2	1	5			1					
Southern Park	3	3		5						1	2	
Sunnyview Estates				2				1	1		2	
Tara Heights	5		5	5	1	1						
Twin Ridge I, II & III			1	1				4	1	4	7	
Villa Springs											3	
Westmont		1		8		1		2	1	1	4	
Whispering Timbers	1	5	2	8	1	3			1		5	
Willow Springs (Formerly The Town)	1	1	2	8			1	1	1		2	
Rural Sarpy County									1		1	
Other Subdivisions[d]	2	4	1	16	2	3	2	3	7	6	28	1
Total Sarpy County	41	50	46	231	7	39	30	25	35	35	127	10
Total	137	201	116	808	20	178	87	92	167	97	394	28

[a]Commitments issued during the reporting period are considered outstanding only if the loan was not closed during the reporting period.

[b]Total outstanding units are adjusted in some cases to account for incomplete or double reporting.

[c]Douglas County subdivisions with only one unit committed, under construction or unsold are: Anderson Place, Bel-Air II, Benson Acres, Benson Addition, Benson Heights, Bonita, Champion's Meadow View, Consentius, Country Acres, Country Club Oaks, Country Club View, Country Meadows, Dillon's Fairacres, Dodge Park I, Duckworth's, Echo Hill, Elmwood Gardens, Elshire Acres, Forbes, Gunther's, Hansen Boulevard, Hansen's Country Club Hills, Hansen's Highlands, Happy Hollow, Henery, Holling Heights, Homesite, Howland's, Indian Hills Village, Kristy Acres, Lake Forest Estates, Lakoma Heights, Logan Fontenelle, Maenner Meadows, Marion Park, Melia's, Mockingbird, Montclair of Westwood South, Niver's Replat, NorOaks, Northridge, Oak Hills Highlands, Oak Hills of Millard, Pinewood, Ponca Hills, Prairie Pines, Quail Ridge, Riverside Hills, Shannon Hills, Southside Acres, Spring Valley, Trailridge Ranches Trendwood III, Twilight Hills, Wedgewood III, Westchester II, West Fairacres, West Pacific Terrace, Winterburn Heights III, Woodgate and Yorkshire Hills. Douglas County subdivisions with only two units committed, under construction or unsold are: Autumn Heights, Bay Meadows, Bian's, Bruhn Acres, Center Horizons, Cornish Heights, Country Squire Estates, Cryer View, Fawn Heights, Ginger Woods, Heavenly Acres, Highland North, Homestead, Keystone, Monterey, Oma-View, Patterson Park, Remco, Ridge View Terrace, Riverside Lakes, Robin Hill, Royalwood Estates, Schwalb's II, Silver Fox, Sundown Acres, Treehouse, West Keystone, Winchester Heights and Woodland Village.

[d]Sarpy County subdivisions with only one unit committed, under construction or unsold are: Bella West, Dee's, Dillon's, Evening Vue, Fontenelle Hills, Glenmorrie, Hay's, Randolph Place, Spauling Replat and Tippery's. Sarpy County subdivisions with only two units committed, under construction or unsold are: Cedar Island and Nob Hill.

Sources: Compiled by CAUR from data provided by the American National Bank, American Savings Company, Bank of Bellevue, Center Bank, Commercial Federal S & L, Conservative S & L, First Federal Lincoln, First Federal S & L of Omaha, First National Bank of Bellevue, First National Bank of Omaha, Bank of Millard, Nebraska Federal S & L, Northland Mortgage, Northwestern National Bank, Occidental S & L, Omaha National Bank, Omaha S & L, Packers National Bank, Ralston Bank, Realbanc, Bank of Valley and Western Securities Company.

addition, the cost of examining the poorer banks is one that must be paid. Much of the economic information on the various communities and counties in Nebraska and Iowa is already available, however, through state economic development agencies and university departments. What is required, principally, is that trained individuals in the supervisory agencies of banking and finance use the information and recommend appropriate action. In the past, this assistance has sometimes been used *ad hoc* when consideration has been given to a new charter application. It should be a permanent and ongoing function of bank examinations.

A different but somewhat related matter is that of the number of banks. What if some of these small banks were closed? Most of them, as indicated above, are in the more populous areas of the state. The sample indicated that it was not just the isolated bank that has had a problem. It is, therefore, difficult to believe that in some instances customers could not drive ten or fifteen miles to another bank. One small community in Nebraska has two small banks. Some of the other small banks need an opportunity to grow, including those in the $5 to $10 million deposit category. They need more capital, more deposits and more borrowers in order to provide even better service. With manned and unmanned tellers, point-of-sale machines and armored cars, the day of small "brick-and-mortar" banks is passing. This is a case where "large numbers" is less competitive and less efficient, not more.

Another aspect is that of governance. In both Nebraska and Iowa, bank commissioners are appointed by the respective Governors. Although, in both instances, the departments in which they serve have broader responsibilities over financial institutions other than banks, these commissioners have traditionally been drawn from the banking community. Nebraska could consider changing to a commission form with a permanent director of financial institutions for the state.[10] A commission of three or five persons could allow the majority of those selected (not elected) by the respective Governor to be interested and qualified citizens, yet having no current direct connection with any financial institution. This commission could recommend legislation, or advise on other recommended legislation, which they felt appropriate for all of their state's citizens. Use of such a commission process would give much needed public input into the laws that have been prepared in large part up to this point by the various financial lobbies.

Finally, the Governors of Nebraska and Iowa (perhaps others also) should appoint *ad hoc* commissions to bring recommendations concerning changes that should be considered or made in the structure of the financial systems of their states. We know that Congress has been considering many such matters. Even so, much of the control of the structural arrangement will still remain with state law. For the most part any changes will come from the states. If this is true, the future of financial institutions and their impacts on the citizens of a state are too important to be left in the hands of vested interest groups, or to be disregarded indefinitely. Today, the disputes may be limited to those between banks and credit unions or savings and loan associations. Tomorrow there may be other institutions involved in the financial affairs of the state's economy. If only existent institutions and agencies are to be permitted, then new ones and their new ways of organizing financial resources may not become available which in turn may be detrimental to the economy.

[10]In Iowa there is such a banking commission.

ANNOUNCEMENT

The Center for Applied Urban Research announces the appointment of Mr. Jack Ruff as Coordinator of the Division of Housing Research and Services. Mr. Ruff has an M.A. in Political Science from the University of Iowa and has taken coursework toward the Ph.D. at the University of Nebraska-Lincoln. For the past seven years, he has been with the Nebraska Department of Economic Development, serving as Community Development Specialist and, since 1973, as Deputy Director of the Community Affairs Division. Mr. Ruff has been involved in preparation of community and regional development plans, particularly in developing the housing elements of comprehensive plans. As a participant in the state-level housing program, he has worked with the State Technical Assistance Agency and the State Energy Office. Mr. Ruff is especially interested in the initiation of programs directed at identifying housing needs and development of a State housing data system. In his capacity as Coordinator of the Division of Housing Research and Services, he will develop programs of research and housing consumer education and provide assistance to communities and organizations involved in various aspects of housing.

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